Q. And does it have a cancellation provision?

A. Yes, it does.

Q. What does it provide?

[fol. 2179] A. Thirty days.

Q. Now, who carries the insurance that covers the movements of those owner operators?

A. Our company does.

Q. Does it cover the movement of the vehicle when it is not moving freight for your company?

A. Yes, it does.

Q. Have you had any trouble with those owner operators that you are now using?

A. No, we have not.

Q. What makes them so much better than the people you used up until two years ago?

A. Because they are responsible to us. The other people that we used were not. Their obligation to us ceased immediately when they reached the destination. We are responsible for bringing these people, these two particular owner operators back to our terminal and they are treated in the same a manner as our own employees.

Q. What method of compensation do you use?

A. We compensate them on a mileage basis.

Q. Is it strictly on a mileage basis?

A. Yes, sir, it is.

Q. Has nothing to do with tonnage?

A. Nothing to do with tonnage whatsoever.

Q. You pay them the same for empty mileage as you do [fol. 2180] for loaded mileage?

A. That we do.

Q. Where does your company operate other than between Milwaukee and Chicago?

A. We also serve the intermediate points, Kenosha and Racine.

Q. Is that the extent of the authority of your company?

A. Yes, it is.

Q. Chicago, Milwaukee and intermediate points of Kenosha and Racine?

A. That is correct.

Q. That is the extent of the authority?

A. We have Waukegan, North Chicago and some intermediate points.

Q. All of them are between points of Chicago and Milwaukee?

A. That is correct.

Mr. Diehl: That is all.

Exam. Lawton: Anyone else?

By Mr. Idol:

Q. Mr. Martel, do you trip lease equipment from other carriers, your competing carriers between Chicago and Milwaukee?

A. Yes, we do.

Q. Is that practice extensive?

A. To my knowledge it is quite extensive.

Q. Now, Mr. Girard testified here for your group to the effect that the group had gone on record as being opposed to trip leasing between authorized carriers. Do you understand that that is a correct statement of the group's [fol. 2181] position?

A. Well, if Mr. Girard testified that way I would say it is not a correct statement of our position. With your permission I would like to explain the situation.

Q. Go right ahead. I want to get it straight.

A. Well, for instance, let's use two comparable companies, ours and another one, holding the same authority, operating between the same points. On one particular day our competitor may be light on freight and our company may be heavy on freight. Let's assume for a moment that we are loaded out, all the equipment we have in that particular station, loaded out by noon on that day. If a shipper offers us a load or two loads in the afternoon we have none of our equipment to put it on. So we may call our competitor and ask him for the use of a trailer. If he can comply with that request he brings a trailer to our dock or we pick it up from him, take it to the shipper's dock and load the freight and take it back to our competitor who then transports it over the highway with his power and his man on his payroll to the destination point, which in this case we will say is Milwaukee. When he arrives at Mil-

waukee he will bring the trailer to our terminal in Milwaukee and spot it there for us and we in turn with our power equipment deliver it to the destination. He is compensated on a flat rate which we have agreed upon between our group. We bill the freight as far as the customer is concerned, it is on our revenue billing. Actually what it [fol. 2182] enables us to do is to protect our customer and render him service.

Q. You in no case operate the equipment yourself?

A. Only to the extent of picking it up or delivering it and that is trailer equipment only, not the power equipment.

Q. Under what type of rates is that movement handled?

A. Well, the rates, of course, vary. In some cases——

Q. Are they single-line rates?

A. Yes, they are single-line rates.

Q. Who is responsible for that shipment, shipments handled in that manner?

A. It is my understanding that when we are picking up and delivering that freight, if something should happen to it during that process we would be responsible. If the cargo were lost during the over-the-road transportation, the competing carrier would be responsible for it. That is my understanding. I am not sure that is correct.

Exam. Lawton: Whose lading is it moving on?

A. It is moving on our lading.

By Mr. Idol:

Q. It seems to me, Mr. Martel, you have a very confused situation there.

Exam. Lawton: You had better have the law on that interpreted for you. You will have some difficulties one of these days.

By Mr. Idol:

Q. The Chicago-Milwaukee group wants to continue the [fol. 2183] use of their other authorized carriers' equipment?

A. I am not in a position to speak for the Chicago-Milwaukee group. If you asked me if I wanted to do it I would say yes.

Q. Do you know whether the Chicago-Milwaukee group authorized Mr. Dimant to file the petition opposing that?

A. I do not know that.

Q. Now, Mr. Martel, I believe you mentioned very briefly in direct examination that the safety factor had something to do with your eliminating the use of independent owner operators is that correct?

A. Yes.

Q. Have you ever made any study to see whether there is any difference between the safety record of company owned equipment and owner operator equipment?

A. No, I have not.

Q. You were really working on a supposition on that basis?

A. No, I am not working on a supposition. I have had some personal experience with it and that is what I based my opinion on.

Q. What is your personal experience, Mr. Martel?

A. Well, we had a driver come to us sometime ago, probably two and a half years ago, and we gave him a load from Chicago to Milwaukee. He stated that he had had the prescribed hours of rest and while en route this driver fell asleep and went over the road and rolled his equipment over. After that we then checked further and we found [fol. 2184] that this man had been on the road for some 14 hours without any rest whatsoever in another operation

Q. Now, Mr. Martel, wouldn't it have been possible for you to determine that before you put him on the road?

A. Well——

Q. Do you know that the ICC rules require the driver to have a copy of his log with him for 30 days?

A. He had a copy of his log with him, Mr. Idol.

Q. Did you inspect it?

A. Yes, we did. It was false.

Q. It was false?

A. Yes.

Q. With respect to doctor's certificate, you tell me you can't get those. Did you hear the testimony of Mr. Gotfredson I believe it was yesterday to the effect that his company is able to secure them from owner operators?

A. No, I did not hear that testimony.

Q. Have you ever tried to get them?

A. Yes, we have. We have asked owner operators when they come in if they have them. We haven't found anyone who ever has.

Q. If you made a condition precedent to the employment of the owner operators, don't you think it would be possible for him to procure doctor's certificates?

A. It probably would. However, our experience was that we didn't see the same owner operator, maybe once every two months.

[fol. 2185] Q. You tell me you had trouble in having identifying placards? They were lost or held up by the owner operator and possibly used in further operation. Did you ever make an effort to get those back by withholding his compensation until they were returned?

A. No, I felt our company was lax, I felt that was probably more our fault than it was the owner operator, not getting those back.

Q. In your particular case it is difficult for you or impossible I gather for you to inspect equipment because you don't have inspection facilities at your terminals?

A. In Milwaukee and Chicago, that is correct.

Q. Isn't that a case peculiar to your company rather than one of general application?

A. Well, it might be. I don't know of any other Chicago-Milwaukee carrier who have their maintenance facilities in the middle of their run. I also said, Mr. Idol that in the event we were only going to use this man for one trip; my personal opinion is that it is not economical to bring that in and give the vehicle a complete inspection, whether we had an inspection station at the terminals or not.

Q. Let's suppose that the Commission issues an order in this case and requires that prior to the use of owner operator equipment the carrier is required to get from him a doctor's certificate and required to check his log for a sufficient [fol. 2186] period prior to the date of his employment and he is required to inspect the equipment to make certain it complies with the Commission's regulations. Under those circumstances, what objection is there from the safety standpoint to the employment of owner operators?

A. In theory I would say that is fine and I think we have

all those regulations at this time. It doesn't work that way, however.

Q. I don't think that you will find that you have them now. That is one of the subjects of this proceeding. Most of those are proposed regulation.

A. Aren't we required to have doctors' certificates on file of any of our drivers?

Q. Yes, sir, within ten days from the date of employment, but not before you put them on.

A. I see. I wasn't thoroughly familiar with that.

Q. Now, Mr. Girard testifying for your group said that in his opinion the leasing of equipment between authorized carriers was just as dangerous and just as bad as the leasing of equipment from independent operators. Do you concur in that opinion?

A. I do not.

Mr. Idol: That is all.

By Mr. Morrow:

Q. Mr. Martel, there was a question asked you by Mr. Ellis and the same question has been asked before, with [fol. 2187] reference to the operators of the Wisconsin Motor Carriers Association. The question was asked if some of those carriers operated in intrastate commerce only. Do you know whether or not any of those carriers only operate in intrastate or have they registered being within one state with the Commission which permits them to handle interstate commerce?

A. We have some carriers who handle only intrastate shipments. I would say they are a very, very minority group.

Q. You don't know of your own knowledge whether or not those that you are thinking of have registered with the Interstate Commerce Commission to haul freight in interstate commerce within the State of Wisconsin, do you?

A. I would not know that, no.

Q. Well, do you know whether or not a majority of those so-called intrastate operators haul interstate traffic within the State of Wisconsin?

A. I do know some do. I don't know whether it would be a majority or not.

Mr. Morrow: Thank you, sir.

Exam. Lawton: Any further cross-examination? Any redirect?

Mr. Todd: None, Mr. Examiner.

Exam. Lawton: If there is nothing further, you are excused. Thank you.

(Witness excused.)

[fol. 2188] Mr. Ellis: May we be off the record?

Exam. Lawton: Off the record.

(Discussion off the record.)

Exam. Lawton: Is that all your witnesses, Mr. Todd?

Mr. Todd: That is all the witnesses I have right now.

Exam. Lawton: Off the record.

(Discussion off the record.)

Exam. Lawton: Back on the record. All right, Mr. Floyd.

Mr. Floyd: Mr. Peters, come around.

CHARLES W. PETERS was sworn and testified as follows:

Direct examination.

By Mr. Floyd:

Q. State your name, please and your address.

A. Charles W. Peters, 7509 Winchester Drive, Normandy, Missouri.

Q. Mr. Peters, will you state the name of your company and your official position with that company?

A. The name of our company under our ICC authority is the Aalco Express Company, Inc., operating Aalco Heavy Hauling and Erecting Company.

Q. Have you an official capacity with the Local National Conference?

A. Yes, sir, I am Vice Chairman of the Local National Conference, of the Heavy Hauling Division.

Q. Vice-Chairman of the Heavy Hauling Division?

A. That is right.

[fol. 2189] Q. Any remarks you may make here this morning, is it clearly understood that it is directed only to that type of service commonly known as heavy hauling, machinery moving and erecting?

A. Yes, sir.

Q. And that we have no interest whatever in any regulations that would apply to general commodities?

A. That is right.

Q. You have already stated that you operate under a certificate from the Interstate Commerce Commission in the handling of these heavy objects, I believe?

A. Yes, sir.

Q. Mr. Peters, do you know if operators handling this type of commodity generally have a large operating territory or is it generally a restricted territory?

A. Most heavy haulers just have two to five states. They don't have very big operations. Some of them only have two.

Q. Do you know if there is any reason why those territories are generally small?

A. Well, for the simple reason that the heavy hauling business back years ago was really mostly in a territory of maybe a hundred or 200 miles and there has been a great deal of change in heavy hauling service in the past years due to the fact that the machinery has got bigger and more of it; plants moving out into the country away from cities and heavy haulers had to make arrangements to get to them to serve them.

Q. Is there a growing demand for that type of service?

[fol. 2190] A. Yes, sir.

Q. Is the public demanding that type of service?

A. Yes, sir.

Q. You just mentioned that there is a change in the characteristics of machinery and other large objects requiring specialized equipment. Will you briefly relate some experiences in this relation to this change?

A. Well, in the past years most everybody knows that it took sometimes five or six or ten machines to—one article had to be made by that or pressed out and then put to-

gether. Today your machines are all big machines and presses especially, and one operation in some cases makes a whole automobile body or stamps out different articles that are made and your machinery is much heavier. Back in the old days with small machines, why, it didn't take the type of equipment to handle it as we have to have today.

Q. What about the development of hydroelectric projects?

A. Yes, sir, same thing.

Q. What do you mean by the same thing?

A. Well, it's built bigger and there is different types of machinery that never was heard of before the war and there is just lots of different things, like I said there before, that your plants are being built away from the cities and out into the territories, country territories.

Q. And that is generally true of the hydroelectric projects?

[fol. 2191] A. That is right.

Q. Now, in equipping the necessary power lines, they use heavy transformers, is that correct?

A. That is right.

Q. And they are distributed all over the countryside?

A. Yes, sir.

Q. With no other means of handling to or from those sites except by the type of equipment which you use?

A. Yes, sir. I will just give you an example of one over here in Illinois. The Illinois Rural Electric has a plant that sits out about 400 feet from the highway. We put in Diesel engines in this plant. It is about six miles from the City. There is no rail lead or nothing there. All this equipment had to be transported from Busch-Sulzer Engine Company to this plant and we even had to build our own road out to this plant, lay ties to get that equipment back into this plant, and not even on a highway, I mean four, 500 feet off of the highway setting out in the corn field; built it right out in the middle of the field. Just such things as that, plants built in places of that kind. The same way with electric plants. They have electric plants all through the different states that is out in the country. You have just got to haul that stuff and transport it to these plants by heavy hauling equipment.

Q. Do you ever have any occasion to transport such items as bulldozers or grading equipment?

[fol. 2192] A. Yes, sir. Do you want me to go on and tell——

Q. Just briefly describe it, if you please.

A. You take for instance the U. S. Engineers on flood projects and different kinds of projects like that that they have along the rivers and dams. They will call us sometimes and want as many as ten lowboys to haul bulldozers and crain-s and stuff of that kind to get on the jobs immediately. I mean sometimes they will call you at 4:00 o'clock and tell you "we have to have that equipment down there by noon tomorrow," and we have just got to arrange to take care of it for them.

Q. You have used the term "lowboy." Would you briefly describe what you mean by a lowboy?

A. Well, a lowboy or floats they call them, different names they have, is a special built carry-all. They even have the name of carry-all. They are built special with 16—8 to 16 wheels, double axles. I have some pictures there I believe that I have turned over to you that we can show just what they look like. Special tractors that is used for handling that heavy equipment with winches attached to the tractors.

Q. Would you say that that was a lowboy in use in that case?

A. Yes, sir.

Q. And in this case?

A. Yes, sir.

Mr. Floyd: Mr. Examiner, if you please, I have a number of pictures that are illustrative of the type of equipment [fol. 2193] and so forth that is used by this industry. Now, we only have unfortunately single copies. I wonder if we might have permission to reproduce a number of these pictures. They are not tending to prove anything except to illustrate the type of equipment that is being used and to insert those pictures in a brief which we may file later, of course, furnishing copies to everybody.

Mr. Eldred: We don't need any copies.

Exam. Lawton: Are the parties willing to waive copies of these pictures?

Mr. Eldred: Put them in the record.

Mr. Lieberman: No objection.

Mr. Lorton: No objection.

Mr. Floyd: Unfortunately, again we only have single copies of the pictures and we would like to reproduce these pictures.

Exam. Lawton: You don't want to put these in the record?

Mr. Floyd: These are the only pictures we have.

Exam. Lawton: Off the record.

(Discussion off the record.)

Exam. Lawton: On the record. Let the record show that the pictures of the equipment to which Mr. Floyd has made reference will be reproduced and offered as exhibits at the Washington hearing. Is that correct, Mr. Floyd?

Mr. Floyd: The Washington hearing is only a few days hence.

Exam. Lawton: Or at some subsequent date.

[fol. 2194] Mr. Floyd: At some subsequent date would be fine and I will furnish copies.

Exam. Lawton: They will not be identified as exhibits.

Mr. Floyd: Not as exhibits. You have identified these pictures as illustrative of that character of equipment?

A. Yes, sir.

Q. Other types of equipment which you may use might consist of what, Mr. Peters?

Exam. Lawton: Let me see those, please.

Mr. Floyd: I am sorry, sir.

Exam. Lawton: Before you leave that, can't you put some verbal description in here so that the record will indicate what you are talking about?

Mr. Floyd: Mr. Peters has described that they are—well, will you again state the lowboy description?

A. Lowboys for handling heavy equipment——

Exam. Lawton: Is that an extra long vehicle?

A. Yes. There are different types. I mean we have different sizes, according to the size load that we carry and they are all built on that order.

Exam. Lawton: Equipment to handle such articles as——

A. Heavy machinery, bullzozers, cranes, drag lines, for different types of heavy hauling work.

Exam. Lawton: All of these pictures I believe are pictures of that type of equipment, is that right?

[fol. 2195] A. Yes, sir.

By Mr. Floyd:

Q. I have asked you about other types of equipment that you use, Mr. Peters. Will you briefly describe what is necessary, for example, to begin the transportation of a heavy object or to perhaps complete the transportation?

A. Well, of course you have to have skid boards and rollers and all types of equipment for loading and unloading this heavy equipment besides motor crain-s; you have motor cranes of all sizes, 10 to 20 tons that we have to move over the highways from different points giving this service.

Exam. Lawton: I don't think there is any confusion as to what your type of hauling involves, the use of extraordinarily heavy and highly specialized equipment.

Mr. Floyd: I think that is correct, sir.

Exam. Lawton: I suggest you get to the matter of how leasing affects it as rapidly as possible.

Mr. Floyd: Yes, sir. We wanted, of course, to establish first the peculiarities of this particular type of service.

Exam. Lawton: I think you have done that.

By Mr. Floyd:

Q. Now, Mr. Peters, in connection with the use of these lowboys is it frequently a custom with the operators to have a particular tractor as the power equipment?

A. Yes, sir and in heavy hauling business, our equipment, especially tractors, they have to be heavy tractors and they are very costly and we have special equipment on those, winches, sometimes some of those will have as many as [fol. 2196] seven, eight different gears in them, special transmissions for handling these heavy loads. We can't just take any driver that comes along and set him up on that truck. We have got to have men who are trained espe-

cially for handling this equipment and for the safety on the highways, and men who are trained to handle this sort of equipment and know what he is doing.

Q. Now, in the event it was necessary to dispatch a piece of equipment of that sort beyond the limit of your operating authority, would you permit that equipment to go beyond without that driver or could another driver be substituted at the limits of your authority by some other authorized carrier?

A. No, sir, we don't leave that equipment go out of the hands of the regular driver that is on that equipment at all times. I mean he works his regular ten hours and then he lays over. In fact, we don't run at night at all on this heavy equipment and he lays over, and if we have to lease through some other operator to go ahead, why, we still keep our man on that job because he is used to handling that equipment and we just can't afford to leave some other driver get on that truck.

Q. And from your experience with this industry and with contacts with other members of the industry would you say that is generally true throughout the country?

A. Yes, sir.

Q. Now, as to the handling of a shipment that goes beyond the limits of your operating authority, what is the [fol. 2197] general practice today in relation to the handling of those shipments?

A. Well, the way that we have been handling that is, take for instance, I have authority that maybe my competitor right here in St. Louis don't have. We will say Kansas, for instance, that the other two heavy haulers don't have but they have authority that I don't have. There is times when we get a call from our customer who has did business with us for years, know what we can do. They just call up and say, "We want you to do it." That is the story. They depend upon you to do that. The same way with our competitors. They have customers the same way. They expect you to handle it. We will go ahead and handle it, and if we are busy, why, we will call and maybe lease a trailer off of somebody else. Most operators, just as I said before, do not want to leave our driver go down and get that piece of equipment and handle it because he has a regular man

on that job. He don't want to lay him off. Another thing, he don't want to take a chance of my man not knowing his piece of equipment because there is a difference in handling tractors of that size and knowing how to handle them. What they will do, we lease his equipment and go on through with it, wherever it is supposed to go.

Q. You might likewise make arrangements with an authorized carrier at some farther point by which you effect the through movement to destination, is that correct?

[fol. 2198] A. That is right, yes, sir.

Q. Is it possible to make any physical interchange of a shipment of this sort at a common meeting point as, for example, in the transportation of a shipment, let us say to Oklahoma which you cannot serve? Is it possible to interchange these heavy objects at a common meeting point, such as the Oklahoma-Missouri border, from one piece of equipment to another?

A. Yes, it is. You can do that in some cases but it is very expensive; very expensive to do that because you have taken—maybe you have got a 20 or 30 ton piece of equipment. All right. It's already put on there, with special care to strap it down on that float, to take care of it properly, maybe even bolt it to the floor, and that is quite expensive to have to take and change it from one outfit to another.

Q. Therefore, you would say it is not practical?

A. That is right.

Q. Possible, perhaps, in some cases, but it is not practical?

A. Loss of time and expense too.

Q. Is it also a fact that in many cases the loading of those objects upon these pieces of equipment requires crain-s and so forth which is an additional factor in making any interchange?

A. Yes, sir.

Q. Mr. Peters, in the arrangement now of these through hauling agreements with other carriers, do you ever use any [fol. 2199] of the so-called itinerant operators?

A. We have never and I don't think that any—it might be possible that some of the other operators have but I don't know of any.

Q. That is not a practice, then?

A. In fact I have never seen an owner operator ever own a float and rent it out to the heavy haulers. I have never had that experience. I don't think he would get enough business to keep it going.

Q. So far as you are concerned, then, in any remarks you may make this morning, they will then be directed to the continuation of a lease or hauling arrangement only as between carriers who now hold certificates from the Interstate Commerce Commission?

A. That is right.

Q. Who now hold them or may hereafter secure them, is that correct?

A. Yes, that is correct.

Q. With relation to the use of equipment for a continuous movement as between two certificated carriers, who is responsible for the safety, inspection, drivers' logs, et cet-ra?

A. When we lease a piece of equipment from one of our other carriers we take over. It is our bill of lading, I mean we take over that whole thing and we are responsible, the man who is handling the job and the bill of lading it is under.

Q. You see that you have proper drivers' logs in all cases?

A. Yes, sir.

[fol. 2200] Q. That they are not simply a record of that particular operation but that they are a record of the man's previous working time, and so forth?

A. That is right.

Q. And your equipment is properly inspected to meet the requirements of the Interstate Commerce Commission, I assume?

A. Yes, sir.

Q. Is that generally true of other carriers with whom you enter into these hauling arrangements?

A. Yes, sir.

Q. Do you know of any occasion in which there has been violation of the hours of service regulations by drivers that were used in any of these joint hauling arrangements?

A. Never heard of any, no, sir.

Q. Mr. Peters, is it possible to secure special permits from the Interstate Commerce Commission to effect the handling

of these heavy objects in a practical manner? I have reference to these special permits for emergency handling, etc.

A. You are talking about in a state where you don't have authority in?

Q. In states in which you don't have authority, yes, sir.

A. Yes, sir. There is some difficulty there. You call your district ICC man and he will first check up on it to see if anyone has authority to handle that territory and if he can't find anybody, why, he will work along with you, but you have to go to quite a bit of trouble to get that special [fol. 2201] authority. You have to make up a special tariff and also a letter to Washington telling the reason why that you want this special authority and that there is no other carriers, and it takes quite a bit of time. Sometimes it delays you a couple of days and as long as a week, maybe, because they have to check up with Washington to find out if anyone has a territory to handle that stuff and it takes some time for them to do it. We have got them in some occasions, especially during the war, there was quite a bit of delay on account of it.

Q. Do you find it a more practical approach to this situation through the hauling or lease arrangement, that is the single-trip lease arrangement?

A. Yes, sir. If we have an operator operating into a state and we know him and we can go ahead and work along with him and handle a job right straight through, why, it saves a lot of time.

Q. Have you somewhat recently joined a group together for the further perfection of these joint hauling arrangements?

A. Yes, sir, we have. We have what we call a heavy hauling division of the National Local Cartage group which was formed about two years ago and we have put out what we call the Red Book which is handled through our Washington office and which you handle yourself. We put this Red Book out especially for that reason because we didn't know all the operators ourselves, so we got a book up and [fol. 2202] it gives the territory that man handles in each city.

Q. What do you mean by "handle"; you mean a certificated carrier in that territory?

A. Certificated to handle whatever states he has. We have that book on our desk; all we have to do is open it up and we can find out who has authority in Cincinnati out of different territories or whatever territory he serves, and if a customer calls us, why, we can make arrangements to handle these different shipments in that way. In some territories we haven't got that straightened up yet. It's been quite a job. We have been working on it for over a year now. We just got our Red Book out I think about 60 days ago after about eight, nine months' work.

Q. Are there any persons listed in that Red Book who do not presently hold certificates from the Interstate Commerce Commission?

A. No, sir.

Q. Are they required to show exactly what their authorities are so that you may enter into these joint hauling arrangements or single-trip leases?

A. Yes, sir.

Q. In these single-trip leases do you have as yet perfected any standard division of revenues or how do you handle that operation?

[fol. 2203] A. Well, we really haven't gone into that. We have talked about it and we wanted to get out a special tariff amongst ourselves to handle it but so far we haven't did that.

Q. You haven't been able to complete that part of your plan up to the present moment?

A. That is right.

Exam. Lawton: Off the record.

(Discussion off the record.)

Exam. Lawton: On the record. We will take a five-minute recess.

(Whereupon, a five-minute recess was taken.)

Exam. Lawton: All right, come to order please.

Mr. LaTourette: May we be off the record a minute?

Exam. Lawton: Off the record.

(Discussion off the record.)

Exam. Lawton: On the record. You may proceed, Mr. Floyd.

By Mr. Floyd:

Q. Mr. Peters, will you state approximately what types of insurance you carry on your operation, your heavy hauling operation?

A. Well, we carry full coverage to handle it, according to the states and the Interstate Commerce Commission. Besides, we also carry a blanket policy covering, a special policy rather, covering all equipment handled or hoisted or erected wherever the job is being done.

Q. Approximately what limits do you carry on your in-
[fol. 2204] surance covering this type of operation?

A. Well, we have——

Q. Just approximately on your hauling operation.

A. We have up to I think it's a hundred thousand dollars on that sort of stuff.

Q. Do you know if this is generally true of other carriers that are participants in this Red Book plan that you speak about?

A. Yes, sir.

Q. Is that indicated in the information furnished under that plan?

A. Yes, sir, we have that. It is stated right in the information in our Red Book.

Q. Mr. Peters, do you believe that a suitable hauling arrangement or single-trip lease plan can be inaugurated between these certificated carriers that will assure this Commission of compliance with all safety regulations, log books, security for the protection of the public and compliance with the laws regarding the hauling in interstate commerce, that is insofar as it is humanly possible to assure such compliance?

A. I am sure that we can because up to this time, the many years we have been doing it we have had no complaints from the Interstate Commerce that I know of.

Q. Now, did you recently have a meeting of this group of carriers?

A. Yes, sir.

[fol. 2205] Mr. Floyd: Mr. Examiner, I am pretty much in

the position of reading what position they adopted there because it is somewhat lengthy. If there is no objection I would like to read that and ask Mr. Peters if that is the agreement of the parties. I assume there will be no objection.

Exam. Lawton: Is it in the form of a resolution?

Mr. Floyd: What happened was that it was several resolutions which were combined at the end of the meeting into some sort of an over-all plan and so I have combined them in the interest of brevity at this moment. It is rather short.

Exam. Lawton: All right.

By Mr. Floyd:

Q. Mr. Peters, was this group uniformly of the opinion that you should petition this Commission on behalf of this group to consider this specialized operation as a specialized service and that the Commission establish in any regulation it may prescribe a rule or specification under which this group that you here represent may work out directly with the Commission and not through the district offices a plan for the continuation of hauling on a single-trip lease arrangement by this group, and that pending the completion of such approved plan that the Commission exempt this group of carriers from any such regulation as may be prescribed by the Commission which may tend to eliminate or restrict this service which is now carried on through single-trip leases or hauling arrangements to meet a necessary demand by the public?

[fol. 2206] A. That is correct, sir.

Mr. Floyd: That is all, sir.

Exam. Lawton: You may cross-examine.

Cross-examination.

By Mr. Nisbet:

Q. Mr. Peters, how many states does your company hold authority to operate in?

A. At the present time we have Missouri, Illinois and Kansas and we have made or had a hearing and we have two

more states that we understand we are going to get. That would be Kentucky and Tennessee.

Q. Does your company publish any joint through rates?

A. No, sir.

Q. If you know, what is the practice insofar as the other carriers forming this group that you have told us about, do any of them publish joint through rates?

A. No, sir, not as I know of.

Q. What arrangements are made for the payment of compensation for the carrier who completes the haul to destination in your present practice?

A. Whatever operator that holds that territory, we will say for instance now the Daniel Hamm Drayage Company, who is our competitor here in St. Louis, he happens to have Indiana and he also has Missouri. Well, if we operate into Indiana, Hamm takes care of all the billing under his tariff and he is the operator that handles it straight through on his equipment.

[fol. 2207] Q. Well, I am not quite clear on that yet. Assuming that you had a shipment moving from some point here in Missouri to a point in Indiana. Would you accept that shipment?

A. We would have to operate under Hamm's authority and he would be responsible all the way through. He would either handle it on his own equipment or lease our equipment if he didn't have equipment to handle it.

Q. Do I understand that he has authority to serve between points in Missouri and Indiana?

A. That is right, sir.

Q. Well, what do you mean when you refer to taking a shipment to some point within the scope of your authority and then taking it on on your own equipment under somebody's else's rights?

A. I think I understand what you mean now. Well, say for instance that we have a shipment going into Oklahoma or some point of that kind where we don't have authority. We take it as far as the Oklahoma line and then our rate is charged to that point and then the other fellow takes it on from there and he charges his rate from there on.

Q. How is the billing handled?

A. It's handled jointly. The bill of lading is made out

to that point and then he is the carrier from there on. We make that arrangement with the customer.

Q. And your driver would take the equipment clear through to the point of destination?

[fol. 2208] A. Yes, sir.

Q. Insofar as your company is concerned, do you lease any of your equipment to shippers at any time?

A. No, sir, not on heavy hauling.

Q. Is that generally true and is it the general practice so far as this group of carriers that you have told us about is concerned, if you know?

A. I don't think that any heavy hauler who has authority ever leases equipment to customers. It goes on their regular tariff rates.

Q. What is the situation in those instances where the carrier doesn't have authority clear through?

A. Well, I think I just stated that we go to the line and whatever tariff that we are on up to that line, why, we bill it at that and then he takes it from there on under his tariff.

Q. Whatever arrangements are made in those instances are between authorized carriers?

A. That is right, yes, sir.

Q. Are you familiar with the part of the rules which are tentatively prescribed here and are before the Commission in this inquiry?

A. Yes, sir.

Q. And particularly that part dealing with the leasing of equipment to shippers?

A. To shippers?

[fol. 2209] Q. Yes.

A. I don't know that there is anything in there about leasing to shippers. I really didn't go into that. I wasn't interested in the part of leasing to shippers.

Q. Your group didn't discuss that phase of it at all?

A. No, sir.

Mr. Nisbet: That is all I have.

Exam. Lawton: Mr. Eldred.

By Mr. Eldred:

Q. Mr. Peters, taking that movement say from Missouri to Oklahoma, do you sign a through bill of lading from point of origin to destination?

A. Do we sign it?

Q. Yes.

A. Well, the bill of lading would be made up by us, naturally, being the originating carrier.

Q. Yes.

A. And then of course we would make arrangements with the heavy hauler in Oklahoma to meet us there at the line and take it from there on, you see; and of course, sometimes, I think most of the time we handle that we just bill it to the line and then he takes it from there on.

Q. Now, I am talking about the bill of lading, the receipt that you give to the shipper. Does that indicate the point of origin and the point of ultimate destination?

A. Yes, sir.

[fol. 2210] Q. Now, has your association, your group given any consideration to the publication of through joint rates?

A. Yes, sir.

Q. You have taken no action on it?

A. No, sir, we haven't had time. We have just taken it up in this meeting last week and formed a committee to work on it.

Q. Does your association desire permission to lease equipment from shippers we will say, or contractors, non-carriers, that would be a better term, you only want permission to lease this equipment from authorized carriers?

A. That is right, we only want to work amongst our own group that has authority in the different states.

Q. Have you taken any position personally as to whether it is desirable for carriers to lease equipment to shippers?

A. Well, I really don't know much about that. I am not in that business.

Q. You have never done it?

A. That is right, not on long haul, just on local that is.

Mr. Eldred: That is all I have.

By Mr. Wheeler:

Q. Mr. Peters, am I correct in assuming from your testimony that you have no objection to Rule 2 as contained in the notice of proposed rule making in this proceeding?

Mr. Floyd: Mr. Examiner, I would object to that question because Mr. Peters may or may not know what Rule 2 is. [fol. 2211] Exam. Lawton: Do you know what Rule 2 is he is referring to?

A. I would like to know something about it.

By Mr. Wheeler:

Q. Rule 2 refers to augmenting equipment as distinct from interchange.

A. That is the rule to stop all the other carriers from getting trucks from individuals, is that it?

Q. It provides certain requirements that shall apply to the leasing of vehicles from others.

Mr. Floyd: Mr. Examiner, again I believe it would be well that counsel would either read the rule and ask Mr. Peters about the rule as it is stated instead of guesswork back and forth which tends to prove nothing.

Exam. Lawton: There is Rule 2, augmenting equipment.

By Mr. Wheeler:

Q. Let me ask you this, Mr. Peters, did your group discuss Rule 2 in your meetings, consider it?

A. I would like to read it over and see if that is the rule. We went over the whole thing, I mean leasing; if this is the rule that would be it. I am not sure whether it was Rule 2 or not. I don't think that we really are objecting to any rules, whether it is rule 2 or not. The only thing we are interested in at this time, our group especially, is to be able to do business in the way we have done it before.

Mr. Wheeler: That is all.

Mr. Diehl: I have no questions.

Mr. O'Brien: Just one question.

[fol. 2212] Q. Mr. Peters, I understand on this typical movement you spoke of between Missouri and Oklahoma

when your truck goes beyond the territory in which it has authority, does the identification on your truck change at all?

A. Oh, yes, we always change it if it is—the other operator takes the responsibility from there on and naturally we have to use his authority.

Q. I mean does the identification on the truck change?

A. He will put his name on it, I mean operated by so and so from there on.

Q. I see. He has responsibility for the driver?

A. Yes, sir.

Mr. O'Brien: That is all.

Exam. Lawton: Any questions over here?

By Mr. Lieberman:

Q. Mr. Peters, how many members are there of the National Cartage group in the heavy hauling division?

A. I think right at the time we have about 60.

Q. Are they all certificated ICC carriers?

A. I am pretty sure that they are, yes. I think there is one operator that I do really know of that is in—we have one operator someplace, I can't just remember who it is, that has a certificate pending that belong to our group. That is about the only one that I know of.

Q. Does your association, has it or have you personally ever made an investigation to determine how many heavy haulage carriers there are certificated by this Commission [fol. 2213] throughout the country?

A. No, I don't believe we have. I don't believe we went into that.

Q. Do you have any knowledge as to the total number of such carriers?

A. Oh, I imagine just from what I know myself that there is probably over 150.

Q. It is a relatively small group?

A. That is right.

Q. I believe that you testified that it was your group's position that they were seeking relief from these rules and regulations with a view to permitting the establishment of some plan whereby you could lease equipment between certificated carriers?

A. Yes, sir.

Q. Have you personally ever considered or have you ever actually leased any heavy haulage equipment from carriers who do not have ICC authority but who operate under state authority?

A. No, sir.

Q. Do you know whether or not such practice is indulged in by other members of your industry in other states or areas?

A. I am pretty sure that they don't. There may be but I don't know of any.

Q. You do know, however, that there are carriers, for example, in and around St. Louis who have heavy haulage [fol. 2214] equipment of a similar nature as yours?

A. Only one.

Q. He does not possess any ICC authority, is that correct?

A. Or State either.

Q. Nor State?

A. That is right, just locally.

Q. If his equipment met ICC specifications and complied with the various rules and regulations as to safety and so on, would there be any objection to the leasing of that piece of equipment, for example, by your company to perform an interstate service?

A. I don't think that there would as long as his equipment was o. k., but in our business there is very few carriers that has our type of equipment that hasn't got permits to operate in the states.

Q. That is the reason why you adopted the position that you wanted this restricted to ICC carriers, because as a practical matter you believed that there were no carriers or very few carriers in your industry who did not possess ICC authority?

Mr. Wheeler: Mr. Examiner, I object to this question as going beyond the scope of direct and also being a direct contradiction of statements that the witness made with respect to what took place at their meeting.

Mr. Lieberman: I think, if Your Honor Please, that I am [fol. 2215] permitted to explore the reasons why they adopted a certain position.

Exam. Lawton: Overruled.

A. I think the reason for that was, sir, that we didn't even give the other fellow any thought because we didn't have any idea we could lease equipment from anybody else.

By Mr. Lieberman:

Q. As to your personal opinion, if such equipment were available to the industry at large, I mean the heavy haulage industry, can you see any objection to permitting the leasing of equipment of non-ICC carriers by heavy haulage carriers who possess ICC authority?

Mr. Wheeler: I object to the question. There is no basis in the experience of this witness which could serve as a background for any expression of opinion by him. It is pure speculation.

Mr. Floyd: Mr. Examiner, I think that perhaps the question is confusing to the extent that there are perhaps two things involved.

Mr. Lieberman: I will withdraw the question.

Exam. Lawton: He has withdrawn the question.

By Mr. Lieberman:

Q. The movement of heavy objects is sporadic, is it not?

A. Yes, sir.

Q. And very irregular?

A. Well, at times that is true. There are certain times that [fol. 2216] you might have to have 25 or 30 pieces of equipment out. As I said before, it is according to conditions and happenings. You take with the U. S. Engineers, for instance, say that you have a big storm or the Red Cross or anything like that. There is some times when you have to have a lot of extra equipment and that is the reason that we have to be able to work together so that we can go ahead and handle those situations.

Q. Now, if in such a situation where you or the industry at large in a given area required a great number of pieces of equipment to handle a large amount of traffic, can you see any objection to permitting your group to lease from carriers if they are available equipment, that is carriers who are not certificated by the ICC?

Mr. Wheeler: Mr. Examiner, I object again. The witness has already stated——

Exam. Lawton: Do you understand the question?

A. Yes, sir.

Exam. Lawton: All right, overruled. You may answer.

A. I would say that if the carrier or the operator that owned this piece of equipment was responsible and could stand up to the rules and regulations of our—our company, we also have a very bad rule on that ourselves, or good rule, rather, I'd say, that this driver has to be trained. I mean we can't just take any driver and the equipment has to be built of certain specifications, and I doubt very much whether there would be many like that that we could use. [fol. 2217] In case we could there would be somebody have a piece of equipment like that, I would see no objection to that.

Mr. Lieberman: That is all I have.

Exam. Lawton: Any other questions?

By Mr. Todd:

Q. Mr. Peters, on your direct testimony I believe you stated that you have no difficulty in determining when you trip lease a piece of equipment from one of your competitors, I believe you used the example of Hamm here in St. Louis, in ascertaining whether the driver of that equipment has worked the maximum hours permitted by the Interstate Commerce Commission or whether he still has additional time to work; didn't you so testify?

A. We are very careful about that because we have several different things to watch there because we are not allowed on the highway after sundown with our equipment if it is over-sized or over-length, and we are sure that that driver is off of that highway within his regular time of working hours.

Q. So that you have to be certain of his previous hours of service, isn't that correct?

A. That is right.

Q. Isn't it a fact, Mr. Peters, that you are able to make that determination with certainty by reason of the fact that

you are dealing with another authorized carrier who is also obligated to see that his drivers keep these laws?

[fol. 2218] A. Yes, sir.

Mr. Todd: That is all I have, thank you, sir.

Exam. Lawton: Mr. Wheeler.

By Mr. Wheeler:

Q. Mr. Peters, have you had any expericnce with the leasing of equipment from carriers other than those authorized by the Interstate Commerce Commission?

A. Not in heavy hauling, no, sir.

Mr. Wheeler: That is all.

Mr. Lieberman: May I, along those lines, ask a few questions?

Exam. Lawton: Well, now, I don't see the point of going over this. If we are going to have all this we will never get through.

Mr. Lieberman: It so happens, if Your Honor, please, I have personal knowledge of situations which I think this witness will agree with me and it is contrary to some of the testimony that has gotten in here on cross-examination. I think we should be permitted to develop that record.

Mr. Wheeler: He is going completely beyond the scope of this witness' experience.

Mr. Lieberman: May I be permitted, if Your Honor please, to ask a few questions?

Exam. Lawton: He has told you he hasn't had any experience——

Mr. Lieberman: I think I can refresh his memory about certain things because I had some discussion with this witness prior to the hearing.

[fol. 2219] Exam. Lawton: All right.

Q. Mr. Peters, are you familiar with the heavy haulage carriers in the New York City-New Jersey area, such as Jerosa?

A. You mean locally or on their long hauls?

Q. In either respect.

A. Oh, yes, I know quite a few of them.

Q. You know that there are quite a few carriers in the

so-called metropolitan New York area engaged in heavy haulage business?

A. Yes, sir.

Q. And you also know, do you not, or at least have been told that there are such carriers who do not operate in interstate commerce but operate solely within the State of New York or State of New Jersey?

Mr. Wheeler: I object to that, it is calling for hearsay.

Mr. Lieberman: I am asking him whether he knows of such carriers who operate wholly within the State of New York or wholly within the State of New Jersey?

Mr. Wheeler: Of your own personal knowledge.

A. I really don't know just what their operations are in that territory.

Exam. Lawton: You don't know of your own personal knowledge?

A. No.

Mr. Lieberman: I have no further questions.

Mr. Floyd: I would like to ask one question. It is just [fol. 2220] a matter of clarification. I think Mr. Peters made a statement which didn't perhaps measure up to good standards.

Exam. Lawton: All right.

Redirect-examination.

By Mr. Floyd:

Q. Mr. Peters, you made a statement when you were talking about the application for additional operating authority that you had asked for two additional states and you made the statement, "We understand we are going to get them." Was that a true statement or do you mean to say you had some wishful thinking?

A. Our attorney has checked that for this reason, that we called the district man, he was really interested in it because it had been so long since the thing had been in Washington, in fact, it was protested and we wanted to find out about it, and our attorney called and they told him in Washington that the order would come out soon.

Exam. Lawton: He didn't say whether it would be affirmative or negative, did he?

A. That is right.

By Mr. Floyd:

Q. In other words, you didn't infer you had fixed it in the beginning so it would come out all right?

A. No, sir.

Mr. Floyd: That is all.

Mr. Jessup: I have a few questions.

Recross-examination.

[fol. 2221] By Mr. Jessup:

Q. Are your employees mostly drivers or rig-ors?

A. Drivers.

Q. Drivers?

A. Yes.

Q. Do you sent rig-ors along when you have a——

A. Oh, yes, yes, sir.

Q. Now, then how many times during the past year, if you can tell me, have you taken shipments beyond the scope of your own operating rights?

A. Well, we haven't had too much of it. I would say probably three or four times. Generally the way we did it was leave the operator handle it that had the authority in that territory

Q. So only three or four times you have had occasion to enter into this lease arrangement?

A. Yes, in the past year.

Q. Now, then, you indicated that, for example, in the shipment to Oklahoma that you took the shipment to the Oklahoma State line and were met by the other carrier.

A. Yes, sir. That was just an example. I don't even know whether we had one or not.

Q. Was that a figure of speech, I mean when you say you were met, actually your driver and equipment went onto destination, is that right?

A. That is right, or either they would meet us there with

their equipment and go ahead with it, transfer equipment, [fol. 2222] lots of times, too, where we could.

Q. You have entered into a physical interline of the shipment?

A. Yes, sir, where we take it as far as we could go on our authority and then the other operator would pick it up from there on and take it on his authority.

Q. Well, would you explain to me, I want to know—you said on your direct examination that you could not let some other driver get on your equipment and also that the articles that you handled were of such nature that physical interline was not at all practicable.

A. That is right. In that case, why, of course, we just make arrangements with the operator in that territtory to handle it from there on on our equipment. He leases our equipment and goes ahead with it.

Q. Does anyone meet you at the state line?

A. Oh, yes.

Q. You have made arrangements——

A. They make arrangements for their drivers to meet us there or one of their representatives.

Q. You let one of their drivers take your equipment?

A. No, we generally always have our driver drive it but have his man go along with our equipment. In some cases it is that way and in some cases we don't have to. Maybe it is just a short way across and we don't have to do that.

Q. What kind of compensation do you receive or do you [fol. 2223] pay the carrier in Oklahoma?

A. Well, whatever his rate would be in his territory.

Exam. Lawton: He testified it would be on combination rate.

A. That is right.

Exam. Lawton: He would collect his rate to the extent of his territory and the other carrier would collect his local rate. Isn't that true?

A. That is right.

Exam. Lawton: They have no joint rates so they have to charge on combination.

By Mr. Jessup:

Q. Whose men perform the accessorial services?

A. I didn't get that question, sir.

Q. Whose men perform the accessorial services at the end of the line?

A. You mean unloading and——

Q. That is right.

A. We always have the fellow at the other end handle it, the other heavy hauler.

Q. The other man down there?

A. That is right.

Q. You have indicated that you have asked for temporary authority on occasions?

A. Yes, sir.

Q. Now, then, of the three or four times you went beyond the scope of your rights during the past year, how many [fol. 2224] times did you do that on temporary authority?

A. I haven't done it in the past year at all. Most of our trouble was during the war when we had to move things fast and there was a lot of heavy machinery and stuff moving and the reason really for this thing is to get it straightened up now. Our district Interstate Commerce men are just as much interested in straightening up this heavy hauling situation as we are because they have had a lot of trouble during the war in emergencies to get this stuff moved, and they are just as interested to see that this thing is taken care of as we are. I know that to be a fact. So that if anything should happen again, any emergency—these things mostly happen in emergencies. It is not so much on regular times in our heavy hauling, it is emergency service sometimes that has got to be done immediately, like storms, transformers; telephone company might call you up and want a transformer hauled over into the State of Iowa. We have no permission into Iowa or in some state where there isn't anyone in St. Louis that has it. Emergency service. General Electric has called us. We have had lots of companies call us. The Government has called us in lots of instances and what we are trying to do now is to straighten this thing up so that when those things arise again we know what to do. We really haven't knowed

what to do in these cases. There have been some things done that probably wasn't right. We will admit to that. The Interstate Commerce knows it too. They know there [fol. 2225] has been a lot of things done that wasn't right.

Exam. Lawton: That is enough on that.

By Mr. Jessup:

Q. On these emergency services, the three or four times that they have arisen the past year, do you generally have to get special permission from the states to operate over-width equipment or something like that involved?

A. Over-width.

Q. Have you had experience of securing temporary authority from the ICC on emergency in not over a half hour's time?

A. Oh, no, we have never had that.

Q. Never had that?

A. No, sir. We can't get it that quick.

Mr. Jessup: That is all the questions I have.

Exam. Lawton: You are excused.

(Witness excused.)

Exam. Lawton: I wonder if you could state the nature of the testimony of your other witnesses, maybe you could get a stipulation from the parties.

Mr. Floyd: I could, Mr. Examiner, if the gentlemen will agree to that. I have these two additional witnesses and their testimony which they will offer here will be merely corroborative of what Mr. Peters has stated.

Exam. Lawton: Who are the witnesses?

Mr. Floyd: Mr. Freeman of the Rowe Transfer and Storage Company, Knoxville, Tennessee and Mr. Leonard [fol. 2226] Hamm of the Daniel Hamm Drayage Company of St. Louis.

Exam. Lawton: Both heavy haulers?

Mr. Floyd: Both engaged in the same type of business as Mr. Peters.

Exam. Lawton: Their testimony would be substantially similar to his?

Mr. Floyd: Substantially the same. Am I correct? Your

testimony would be substantially the same as Mr. Peters if you were asked the same questions?

Mr. Hamm: Yes.

Mr. Freeman: Yes.

Mr. Lorton: On both direct and cross-examination.

Mr. Lieberman: I want to find out a few things before I will accept such a stipulation.

Exam. Lawton: Off the record.

(Discussion off the record.)

Exam. Lawton: On the record. Will you offer your stipulation, again, Mr. Floyd with respect to these two witnesses?

Mr. Floyd: You want me to again state, Mr. Examiner, what my stipulation would be?

Exam. Lawton: I believe you have covered it.

Mr. Floyd: It is already in the record, I believe.

Exam. Lawton: Is there any objection?

Mr. Todd: No objection.

[fol. 2227] Mr. Woll: No objection.

Mr. Lieberman: May I go off the record?

Exam. Lawton: Off the record.

(Discussion off the record.)

Exam. Lawton: You may make a counter-offer if you want to. If you can't agree to it we will swear the witness if it takes all day and all night.

Mr. Lieberman: I want to cooperate, Your Honor, but we have interests which should be protected, and I say unless the stipulation embodies the statement made by this witness off the record, the stipulation does not meet with my approval, sir.

Mr. Floyd: Mr. Examiner, may I inquire of counsel——

Mr. Lieberman: May we go off the record here?

Exam. Lawton: Off the record.

(Discussion off the record.)

Exam. Lawton: On the record again.

Mr. Lieberman: This is my understanding of Witness Freeman's testimony in respect of the use or non-use of equipment of carriers who do not possess any authority from

the Interstate Commerce Commission. As I understand it it is his testimony that despite the condition, that as a rule he finds that carriers in and around his area do not possess equipment which meets his standards in his operations and for that reason he would not employ them. However, if there were equipment available in his area owned [fol. 2228] by carriers who do not possess authority and which equipment did meet his standards, nevertheless he would not hire, engage or lease that equipment to augment his own fleet for the reasons, one, that he did not care to support carriers who are not possessed of any authority, and No. 2, I believe it was his practice not to do that.

Mr. Floyd: Is that correct?

Mr. Freeman: That is right.

Exam. Lawton: Do you accept that, Mr. Floyd?

Mr. Floyd: We accept that. We agree.

Mr. Lieberman: With that stipulation, I have no objection to all his testimony going in.

Exam. Lawton: Any objection to the stipulation that the witness would testify as counsel has stated? Will that apply also to the other carrier?

Mr. Lieberman: If it is true.

Exam. Lawton: Off the record.

(Discussion off the record.)

Exam. Lawton: Back on the record.

LEONARD HAMM was sworn and testified as follows:

Direct examination.

By Mr. Floyd:

Q. Mr. Hamm, you have just heard the stipulation we have agreed to. You have heard the testimony of Mr. Peters and if the same or similar questions were asked of you would your answers have been substantially the same [fol. 2229] to those questions?

A. Yes.

Mr. Floyd: That is all.

Exam. Lawton: You have heard the stipulation as to what the testimony of Mr. Freeman would be and do you adopt that as your testimony and as your position?

A. In regard to what?

Exam. Lawton: Well, off the record.

(Discussion off the record.)

Exam. Lawton: On the record.

Mr. Woll: May I suggest the reporter read the stipulation?

Exam. Lawton: Yes, read the stipulation.

(Reporter read the stipulation.)

The Witness: I agree to that.

Mr. Lieberman: You would adopt that stipulation?

The Witness: Yes.

Exam. Lawton: Any questions? If not, you are excused.

(Witness excused.)

Exam. Lawton: Off the record.

(Discussion off the record.)

Exam. Lawton: Mr. Dixon, call your witness.

Mr. Dixon: Call Mr. Olson.

C. R. Olson was sworn and testified as follows.

[fol. 2230] Direct examination.

By Mr. Dixon:

Q. Your name and address?

A. C. R. Olson, 100 West 91st Street, Chicago, Illinois.

Q. Representing what company?

A. Dealers Transport.

Q. In what capacity?

A. Executive Vice-President.

Q. You have been with that company sometime, have you?

A. One year.

Q. Do you represent any other company in this proceeding?

A. I was authorized to express the same things in connection with Arco Auto Carriers.

Q. Are those companies both engaged in the same type of business?

A. They are.

Q. Are they both transporters of motor vehicle traffic?

A. That is right.

Q. Do they perform those services as common carriers under certification by the Interstate Commerce Commission?

A. They do.

Q. Their principal offices are located where?

A. Chicago, Illinois.

Q. Do they both perform both a driveaway and a truckaway service?

A. That is true.

Q. Did you hear the testimony of Witness R. E. Beiser who testified yesterday?

[fol. 2231] A. I did.

Q. He drew a distinction between truckaway and driveaway service. Do you recall that?

A. I do.

Q. Do you agree with that distinction?

A. I do.

Q. As I understand it, in the movement of motor vehicle traffic in driveaway service the vehicles move in single units or in combination with the motive power furnished by the vehicle or one of the vehicles being transported for hire?

A. That is correct.

Q. And the carrier in that instance does not utilize motor vehicle equipment either under lease or through interchange or owned but simply moves those vehicles under their own power.

A. Furnishes the driver only.

Q. Do you agree with the conclusion expressed by the witness Beiser that the driveaway transportation of vehicles is not here involved in this proceeding?

A. That is my understanding.

Q. Do the companies also transport motor vehicle traffic in automobile hauling equipment?

A. We do.

Q. Is that of the special design semi-trailer, the so-called two-deck trailer equipment?

A. There are three different types in use at the present [fol. 2232] time, highly specialized equipment.

Q. Would you describe them, please?

A. One is a unit which is commonly known as an Illinois special where it has a truck chassis with a super structure which handles two automobiles or two pickup trucks or two chassis and coupled to that is a trailer which handles two units. It makes the brake of that unit to comply with the Illinois law and they were designed primarily for that reason. The second is a so-called tank unit which handles straightaways just like an ordinary semi-trailer, four units on the one piece of trailer equipment but the tractor can be coupled and uncoupled to that so it is a tractor semi-trailer combination. The third, which is to some extent in the experimental stage, is a five-car unit with semi-articulated trailer with three automobiles loaded on the front section and two on the rear which has just come into use.

Q. Well, the tank type that you have described, you speak of carrying the vehicles in two levels, do you not?

A. Yes.

Q. And not strung out in back of each other?

A. No, they are on two levels.

Q. Is it a fact that all of the equipment which you have described is especially designed for automobile traffic?

A. For that only.

Q. And not adaptable to transportation of other commodities?

[fol. 2233] A. That is correct.

Q. And are the two companies for whom you have testified restricted in their operating authority to the transportation of motor vehicle traffic?

A. That is correct.

Q. Their interest, then, goes only to the impact of these proposed regulations on the truckaway movement of motor vehicle traffic?

A. That is correct.

Q. Is it a fact that practically all new automobile traffic

moves in truckaway service as distinguished from driveaway service?

A. A large majority of it does, yes.

Q. Is that due to factory policy against the movement of new automobiles over the highway prior to the purchase or receiving of traffic?

A. Manufacturers that I am familiar with have that general policy.

Q. Would it be a fair statement, then, that so far as your companies are concerned in the movement of their automobile traffic, it would be directly concerned with regulations which might affect equipment used in the transportation of all of your new automobile traffic?

A. That is correct.

Q. Now, with respect to the specially designed trailers [fol. 2234] operated by your company, are they owned by the company or obtained under lease or interchange arrangements?

A. In Dealers Transport, every trailer is owned by the company. In the case of Arco, I understand they have one of two which are owned by individual operators.

Q. That would be one or two semi-trailers out of approximately how many?

A. About 150.

Q. And about how many semi-trailers does Dealers Transport operate?

A. They operate in the neighborhood of a hundred.

Q. Do you obtain any tractor motive power in connection with your transportation of new automobile traffic by lease arrangement?

A. Yes, we do.

Q. What is the nature of the lease arrangement?

A. We either have leases running for 30 days to a year for an individual tractor, that is the owner operator, or we also hire individual tractors in connection with the transportation of new commercial trailers.

Q. Do you hire these tractors from individuals?

A. We do.

Q. Or from leasing companies or what?

A. Well, there are some leasing companies, one or two companies that have in excess of three units which under

[fol. 2235] our labor agreements is considered socalled fleet operators, not leasing companies. We lease no equipment from so-called leasing companies.

Q. What would you say as to the majority of the motive power, tractor equipment which is obtained by lease. Is it obtained from so-called owner operators?

A. No. A great deal of our equipment is utilized in interchange between companies, between authorized carriers.

Q. All right. Will you please explain what that arrangement is?

A. By an example of the necessity for it or how it is done?

Q. Yes, the circumstances under which you would obtain it from other carriers, you mean other certificated carriers?

A. I am referring only to certificated carriers. In the case of Dealers who handle almost the entire production of the Ford plant at Hegewisch, in the changeover of their models they were down from 30 to 45 days. When they did our equipment had no other usage except for the limited used car business that we handle or for certain chassis hauls in part of the territory, which made 50 or 60 pieces of equipment available which we in turn leased complete to Arco Auto Carriers to protect their heavier runs on Kaiser-Frazer, Studebaker and Nash. We frequently do that in the reverse direction. When Nash went down they leased equipment to us in the same fashion to handle a heavily increasing Ford production.

[fol. 2236] Q. Do the two carriers for whom you speak operate in connection with their truckaway movement of new automobiles in the same territory or do they have common points of service?

A. Well, common points of service and in many cases the rights are to some extent duplicated.

Q. Would you have occasion and have you had occasion to interchange equipment or exchange equipment between two carriers between common points of service?

A. Yes, we have.

Q. Would you seek to preserve the right to perform that type of service, that is, to obtain equipment in that manner?

A. We definitely would.

Q. Have you read the proposals of the Commission appended to the hearing notice prior to testifying?

A. I did.

Q. Have you read the proposals of the American Trucking Association, the final proposals of that Association prior to testifying?

A. I have.

Q. Is it your understanding that there would be the possibility of a prohibition against the interchange or exchange of vehicles between certificated carriers under the Commission's proposal where those carriers serve common points?

A. That is the impression that I gained.

Q. In your experience can you think of any reason why [fol. 2237] an interchange or exchange of vehicles between two certificated carriers serving common points would in any way affect safety of operation?

A. No, I can't.

Q. Would it adversely affect safety?

A. I don't see that, the interchange of equipment——

Q. Between certificated carriers serving common points.

A. Not in the manner in which we handle our control of them, no.

Q. Can you think of any evil connected with it that requires prohibition insofar as automobile transporting is concerned?

A. Speaking as far as the two companies I refer to, no.

Q. You spoke of the use of equipment under those circumstances due to fluctuations in volume. I will ask you are fluctuations in volume of shipments common in the automobile production transportation industry?

A. Yes, they are, such as the shortages of steel or shortages of major unit assemblies and changeovers of models, they at times are very frequent under our present disturbed condition.

Q. Has that been your experience over a period of some years?

A. That has been my experience prior to coming into this industry and since I have been in it, yes.

Q. You spoke of being with Dealers Transport Company,

in this particular position for a year, but have you had prior experience in transportation?

A. Yes, since October 1, 1907; 41 years less two world wars.

Q. Where you obtain motor vehicle power units from [fol. 2238] owner operators, I believe you said that you did some of that?

A. That is right.

Q. Could you give us some idea as to the percentage of equipment that would be obtained in that manner of your total fleet?

A. The so-called trip lease or short-term operator would not probably—would not exceed five per cent of our total power equipment.

Q. The trip-lease operator is used under what circumstances?

A. Only under emergency situations in connection with trailer truckaway.

Q. That is in the movement of new trailers moving in interstate commerce?

A. Or tanks or anything that is related to the trailer industry.

Q. Do you use that type of single trip operator in the movement of trailer loads of new automobiles?

A. No, we do not.

Q. But do you use owner operators on a long-term basis in the movement of trailers with new automobiles?

A. Yes, we do with the exception that we control the trailers.

Q. And on what basis do you pay rental compensation in those latter instances?

A. On a percentage of gross revenue.

Q. Do you seek to preserve that method of paying rental compensation?

A. We definitely do.

[fol. 2239] Q. Do you know of any condition in connection with the payment of rental compensation on that basis which would affect safety of operation?

A. Not in the slightest.

Q. Can you think of any evil in connection with it that requires correction by the Commission?

A. Based on a very extensive experience, no.

Q. Is it your understanding from reading the proposals of the Commission and the American Trucking Association that that method would be prohibited under the Commission's proposal but would be permitted under the American Trucking Association's proposal?

A. That is my understanding.

Q. To that extent your companies support the American Trucking Association's proposals as opposed to the Commission's proposals in those two connections?

A. That is right.

Mr. Dixon:

You may cross-examine.

Exam. Lawton:

We will recess until 1:15.

(At 12:00 p.m., a recess was taken until 1:15 p.m. of the same day.)

[fol. 2240] Afternoon Session

Exam. Lawton:

All right, come to order, please. You may cross-examine Mr. Olson. Mr. Nisbet, do you have any questions?

C. R. Olson resumed the stand and testified further as follows:

Cross Examination

By Mr. Nisbet:

Q. Mr. Olson, in connection with the practices your company employs in connection with the leasing of trailers, can you tell us briefly just what the practice is and how it is utilized at the present time?

A. We retain ownership of all our trailers. We lease them to the operator or fleet operator for use during the tenure of his employment with us with his tractor. We retain title of the trailers.

Q. Are those generally long-term leases or short-term leases?

A. They are usually a year, renewable year after year.

Q. What period of time is allowed for cancellation, if you know?

A. Thirty-day cancellation clause for various reasons.

Q. That is one type of leasing employed by your company. Now, in addition to that do you likewise lease the trailers to other carriers?

A. We do. I don't know whether you would call it lease or interchange. In the case of a trailer which is operated [fol. 2241] by an individual owner, that is we lease his power equipment and he is under contract with us for a year, we turn over that complete unit, driver and trailer to the carriers that we interchange equipment with. That simplifies that particular process. In the case of company owned equipment, tractor and trailer, we lease our tractor and trailer to them on just a straight single trip or more lease, depending on how long they want to utilize it. You understand that is by agreement on the subcontractor with him. That is, our contracts provide that we may sublet that particular piece of equipment to another authorized carrier.

Q. In case you lease a trailer to an owner operator and for a long period of time is the owner operator an employee of Dealers Transport Company?

A. He definitely is. He goes through all our training period in the same manner as any other driver.

Q. In those instances where the owner operator has motive power and leases that to Dealers Transport Company, why does the company in turn lease its trailer to the owner operator?

A. Because we want to retain control of our trailers. The title of that tractor rests with the operator. The trailers are completely owned by the company. We do not relinquish ownership.

Q. Does the company—— I am not sure whether this is repetition or not, I hope it isn't—does the company ever augment its equipment in any way from sources other than owner operators or other carriers?

[fol. 2242] A. Other authorized carriers.

Q. Other authorized and certificated auto carriers?

A. We do not.

Q. Does the company to your knowledge follow the practice of leasing either motive power or trailer equipment to shippers of automobile equipment?

A. No, sir.

Q. Or motor vehicle traffic?

A. Under no circumstances.

Q. You have no interest in that phase of this inquiry?

A. No, I do not.

Q. As I understand it, Mr. Olson, you are opposed to the proposition tentatively promulgated with reference to the compensation being computed on a use basis?

A. That is correct.

Q. Will you state briefly your reasons for your position?

A. Well, for a long period of time the rental of this equipment or lease of this equipment, payment for it has been on this percentage of revenue basis and it ties in pretty well where our costs break and remains almost constant. In other words, we pay 65 per cent of gross revenue to an operator with his tractor only. In cases where the trailer—in the case of Arco, where some few of the operators have their own trailers or own them, they are paid 75 per cent of the gross revenue. Each time there is an increase in our compensation from the shipper, naturally [fol. 2243] the operator gets the benefit of that as to the equipment rental and also when the union contracts are negotiated on increase in wages he likewise gains that advantage. From strictly an accounting viewpoint, it would be my opinion that it would be difficult for us to operate on a use basis versus the percentage basis.

These agreements on percentages were negotiated initially between union and management and have been in effect in the basic contracts that we have had, naturally. In fact, they apply to our entire operations and we operate in 18 states on truckaway alone directly. The reason I mentioned accounting difficulties was that in our accounting system versus commodity carriers, it is a lot more difficult in an operation broken up into as many characters of physical operations as we have. We would dislike to see that changed.

Mr. Nisbet: That is all I have.

By Mr. Lorton:

Q. Mr. Olson, am I correct in understanding that you consider that the ownership and complete control of the trailer by vesting title and control in your firm gives you complete control over the operation even though it may be hauled by an owner operator tractor owner?

A. Oh yes, because we have physical control of our operations. By that I mean we do not treat the driver on that leased piece of equipment any differently than we do our company driver. They are all examined and put through [fol. 2244] our training techniques in the same fashion. They are required to follow all the rules and regulations. The equipment is inspected periodically in the same manner that our company equipment is, and there isn't any difference in treatment as to physical control, inspection, safety standards.

Q. You pay the drivers?

A. Yes, sir.

Q. So that the 75 percent of revenue basis of division that you are talking about is in addition to the driver's wages?

A. No, that includes the driver's wages. That is the gross percentage on the unit.

Q. Assume for the purpose of my question that an owner operator has a tractor and trailer and he hauls a load of automobiles in one of your specialized piece of equipment, say from Detroit to some point of destination. He obtains from you as the compensation for all the services he performs: driving the truck and leasing it through you on a long-term basis, he receives 75 percent of the revenue that you receive for that transportation?

A. That is correct.

Q. Now, assuming for the purpose of my question, and for that purpose only, that the interchange of equipment were permitted by the Commission between authorized carriers and that leases were permitted on a long-term basis; would the elimination of trip leasing between authorized carriers and owner operators be of any detriment to [fol. 2245] your firm?

A. Yes, it would, if I understand your question correctly, and I will endeavor to explain why. We may have a unit between the common points referred to on direct examina-

tion where we operate that tractor-trailer into Detroit with a load of cars and then we have no traffic at Detroit to move back, but one of the other carriers has traffic coming in the reverse direction. By leasing to that authorized carrier that complete unit, we have eliminated the empty mileage between Detroit and Chicago, thus increasing the earnings of that particular operator.

Q. I don't think you understood my question. Assuming that such arrangements were permitted between authorized carriers, and that leasing between authorized carriers and owner operators were permitted on a long-term basis, for 60 days, 90 days, a year or whatever it might be, would the elimination of trip leasing between owner operators and authorized carriers affect your business?

A. Only to the extent if we were not permitted—if I understand your question correctly—if the Commission held that we could not single trip lease between authorized carriers——

Q. That wasn't the basis of my assumption.

A. Well, as I explained, we do one thing or the other. We would either turn this subcontractor, as we call these owner operators, if I may use that expression, we might turn that over to the other company but it would only be [fol. 2246] a single trip lease returning them to our controlled point where he originally moved from.

Mr. Dixon: Aren't you asking him whether or not the elimination of the use of the itinerant——

Mr. Lorton: Yes.

Mr. Dixon: I don't think he understands that is what you mean. Would the elimination of the use of the itinerant driver affect your operation?

A. Not to any great extent.

Mr. Lorton: That is all.

By Mr. Wheeler:

Q. Along that same line, you stated that you train these itinerant owner operators the same as you train your own employees?

A. I don't know what "itinerant" means unless you are

referring to an individual who wants to lease a tractor to us.

Q. That is correct.

A. They go through the same employment practices that a regular driver does.

Q. How long does it take to put them through that?

A. With an experienced driver, as those men are, it doesn't take very long. We can prepare them in one day. You understand we employ only experienced men with tractors. What I mean by that is men who bring with them qualifications of their logs for the past 30 days and we have to have them physically examined in most cases. Usually they don't have a physical examination.

[fol. 2247] Q. How do you check on the accuracy of their logs?

A. We have to depend on a man, if he brings his logs for the last 30 days with him, we have to depend on the man certifying to that log.

Q. Why do you use these trip-leases with what you denominate subcontractor owner operators only in emergency?

A. You say why do we?

Q. Yes.

A. Only in case of an absolute emergency to move traffic. We have some government traffic in the trailer situation where it has to be moved promptly and only in relation to that have we used single trip leases.

Q. Why do you limit it to emergencies?

A. Why do we?

Q. Yes.

A. It is the only occasion we have to use it. We have a reasonable amount of men constantly going between these points who are regularly employed on long-term leases.

Q. How much notice do you have of these so-called emergencies?

A. A few hours usually.

Q. I thought you said they arose by reason of the fact that one motor car company might be shut down on a strike whereas another might be operating on account of the steel shortage.

A. I wanted to make that distinction; that is where I had [fol. 2248] reference to truckaway of passenger cars or small pickup jobs or strip chassis which could be loaded on

a truckaway or semitrailers. The other situation I am talking about is new commercial trailers, tanks or any other equipment you may put on a chassis like some points as Fruehauf, Avon Lake, Highway Trailer in Wisconsin, Trailmobile in Cincinnati. The Commission insists on calling that trailer truckaway where we furnish the tractor and pull this brand new trailer to either the dealer branch or in some cases to the customer.

Q. It is only in those categories where you run into——

A. It is only in those categories on new commercial trailers and vehicles of that kind that we utilize the single-trip operator on an emergency.

Q. What control do you have over those operators, these owner operators who have taken a trip lease from you on their return movement?

A. We are reasonably well balanced in most situations and in a great majority of the cases we are able to bring them back to their control point under a load.

Q. In those cases where you are not able to do that you have no control over them?

A. Yes, the revenue is paid for the round trip in the one direction so we have in reality protection for them on the return trip, movement.

Q. In this matter of compensation on a percentage of [fol. 2249] revenue, that is a matter of accounting convenience for you rather than one of absolute necessity?

A. No, I believe that over a long experience that it is a fair way to compensate for it and much simplier from an accounting viewpoint.

Q. Have you ever tried any other method?

A. I have in the general commodities.

Q. I mean in this particular field.

A. No, because this is covered by our labor contracts with the union and it was the only method of payment provided for in those contracts.

Mr. Wheeler: I have no further questions.

By Mr. Diehl:

Q. Mr. Olson, you have had some experience in transportation other than in your present capacity, have you not?

A. That is right.

Q. Isn't it a fact that you have been engaged in this business most of the time by general commodity haulers rather than your present specialty?

A. About 15 years in general commodities.

Q. Can you tell me what some of the larger companies are that you have been employed with?

A. I was Vice-President and General Manager of the Keeshin Freight Lines, that was the top operating company for a long period of years; and also Assistant General [fol. 2250] Manager later and Assistant to the President of Interstate Motor Freight System.

Q. Did you hear Mr. Walton Bockstahler testify yesterday?

A. I did.

Q. Did you hear him specifically testify with respect to the problem between the east and the central states?

Mr. Wheeler: I am going to object to this line of questioning as going beyond the scope of the direct.

Mr. Diehl: I know it is.

Mr. Wheeler: And also on the ground that this man has testified that his experience in this field preceded his recent experience.

Exam. Lawton: What is the purpose?

Mr. Diehl: I will be glad to qualify the witness and to make him my witness. I know this gentleman. I know he has had more experience than anybody in this room in this business and he knows more about it in my opinion than anybody in this room. I want to ask him some specific questions which he can answer based on his experience, or he can tell me he doesn't know because he hasn't had the experience.

Exam. Lawton: All right. You are making him your witness, then?

Mr. Diehl: Yes, sir, I will be very happy to, if that seems necessary.

Q. Will you tell us how many years it has been since you [fol. 2251] had anything to do with the Keeshin Company or the other companies that are engaged as general haulers?

A. I was in charge of operations most of the time from 1929 to 1939, inclusive, of the Keeshin Lines, and after that

I spent two years on the management side, supervising the labor contract committee in 16 midwestern states, the so-called 11-state area; handling disputes and supervising that committee. Now I think it is central states setup, and after that went with the Interstate Motor Freight System as Assistant to Mr. Briggs, who was then President and General Manager and I remained there until the war broke out, at which time I entered the service.

Q. And both of those companies, do they not, operate from Chicago all the way east to New York?

A. Yes.

Q. And north and south over the general central territory area?

A. That is right.

Q. And then——

Mr. Wheeler: I want to renew my objection to the testimony of this witness. He has stated his experience relates to a period of time prior to the last war.

Mr. Diehl: No, he didn't say that. Mr. Olson, what did you do during the last war?

A. I went into the service on the Staff of the Chief of Ordnance, first as Deputy Chief of the Supply Branch for the Army and then traveled in the field in connection with [fol. 2252] motor transport and later became liaison officer for the Chief of Ordnance handling all motor vehicles, everything except ammunition for combat areas overseas, invasion territories and so on, and upon completion of that I went into, for a limited time, an engineering business I had and in which I covered a great deal of this central eastern territory for a few months surveying motor common carriers in connection with engineering work and assigning people to do that, and then spent a year in Detroit with one of the largest cartage and leasing companies there under the national truck leasing system because I wanted to get that particular experience, and following that came the first of this year with Dealers Transport because of an offer made to me by them which was attractive. I have been with them the last year.

Q. Would I correctly sum it up if I said that your expe-

rience in the last 41 years has never been divorced from transportation by motor truck?

A. Well, in the beginning it has because I started in 1907 and there were no motor trucks.

Q. Well, I'm sorry.

A. But from 1916 on in the Mexican embargo we started with the first motor trucks, and since that time I have not been divorced from motor trucks—32 years.

Mr. Wheeler: In this country?

A. In this country.

[fol. 2253] Mr. Wheeler: I understood you to say you spent part of your time during the war overseas, is that correct?

A. No. I worked, for instance, out of New York and out of Oakland Army base headquarters there as liaison officer for the Chief of Ordnance supervising the transportation both within the United States and on the boats and general production follow-up on getting vehicles and things like that into the proper areas.

By Mr. Diehl:

Q. Now, Mr. Bockstahler testified with respect to the reasons why his companies had to use trip lease in the area between we will say roughly Chicago and New York. Did you hear him testify on that problem?

A. I did.

Q. If you were asked the same questions, would you give substantially the same answers as he did?

Mr. Wheeler: I object, Mr. Examiner. I don't recall all of the testimony given by Mr. Bockstahler, and I was in the room when he gave it. I would be unable to cross-examine this witness properly.

Mr. Diehl: Did you cross-examine Mr. Bockstahler?

Mr. Wheeler: I did.

Exam. Lawton: Make your question specific.

By Mr. Diehl:

Q. I will ask the question, then, if you were asked the same questions on direct and the same questions on cross-examination would your answers be substantially the same?

[fol. 2254] Mr. Wheeler: Same objection.

Exam. Lawton: I think I will have to sustain that. I can't remember all of Mr. Bockstahler's testimony either. Is there some particular point you wanted to bring out?

Mr. Diehl: I wanted merely to shorten this thing by having this witness tell me that he knows what Mr. Bockstahler said was a fact with respect to this territory he was speaking of. This man has spent most of his life in the territory and has had the same experience and—following Mr. Bockstahler from Keeshin to Interstate.

Exam. Lawton: With respect to leasing practices?

Mr. Diehl: Yes, the reasons for them, why they were doing it, why they consider it sound.

Mr. Wheeler: I object, Mr. Examiner. I cannot cross-examine on that basis.

Mr. Turney: That is all right, Mr. Examiner. Mr. Wheeler has cross-examined Mr. Bockstahler on all of that by his own admission. Mr. Diehl stated that he is perfectly willing to have that questioning and the answers thereto go into the record.

Exam. Lawton: Mr. Witness, do you recall Mr. Bockstahler's testimony with respect to leasing practices and the territory to which he testified?

A. I do very clearly.

Mr. Woll: May I ask one question? Were you present [fol. 2255] during all of the testimony of that gentleman?

A. Yes, I was particularly interested in Mr. Bockstahler's testimony.

Mr. Woll: Were you present also during all of the cross-examination?

A. Yes, sir.

Mr. Wheeler: I renew my objection.

Mr. Diehl: I ask for a ruling.

Exam. Lawton: He may answer, overruled.

A. I am substantially in agreement with what Mr. Bockstahler said with the exception of one thing.

By Mr. Diehl:

Q. Will you please explain that one thing?

A. That one thing was that he felt on this trip leasing that they could not do as well unless he went beyond, I believe it was in the neighborhood of 300 miles.

Q. 250 I think he said was the minimum.

A. 250 is correct. I am not entirely in agreement with that. That isn't in my opinion the distance that would set a limitation.

Q. Yes. Do I understand that you wouldn't set any definite limitation? It would depend upon the particular operation, is that what you mean?

A. That is correct, the character of the operation.

Q. Are there any other exceptions that you would care to make with respect to his testimony if you were asked the same questions?

[fol. 2256] A. As I remember it, possibly for the benefit of Mr. Wheeler, the highlights of his testimony was the question of the reciprocity thing and the question of the use of trip leases between these two involved territories, the two large territories, and—

Exam. Lawton: Central and Eastern?

A. Yes, and the reciprocity thing, while not in my direct, very definitely affects us too. I wanted to clear up one little point, though, in the statements I made in connection with these subcontractors, I call them. I don't refer to them as gypsy or itinerants. They are not that in our category. Those operators only buy the license plate in the state in which they are domiciled. We purchase all other license plates necessary where no reciprocity exists and we provide every other character of permit or anything of that character, bridge tolls and everything of that character are specifically provided in our labor contracts in such a fashion as to protect the individual truck operator against this break of revenue, so that under the 65 per cent you cannot take advantage of him even though his wages come out of there because it is provided what he buys in the way of that—unusual license plates and all other things are specifically provided in the major con-

tracts that we have as protection for that individual operator.

Q. Paid by your company and not charged back to him?

A. Not charged back.

[fols. 2257-2258] Mr. Wheeler: I don't know whether he is talking for his present company, Interstate or Keeshin.

By Mr. Diehl:

Q. Were you talking for Dealers Transport?

A. Speaking for Dealers Transport and Arco carriers at that point.

Q. As I understand you do use some leased operators in Dealers Transport's business, is that right?

A. That is right.

Q. Some owner operators?

A. That is correct.

Q. Can you tell me what the reason is for doing that? With respect to Dealers Transport, what advantages, if any, are there in your business in using owner operators?

[fol. 2259] By Mr. Diehl:

Q. Mr. Olson, have you had any experience that would indicate to you that the owner operator is less safe and less likely to comply with the safety rules and requirements of the Interstate Commerce Commission than your company driver?

A. That has not been my experience.

[fol. 2260] Q. That has not been your experience. Are your rates, the level of rates of your company on a general level with the others who are in the same business and the same region in which your company is operating?

A. Generally speaking, yes.

Q. Has the fact that you employ any owner drivers had anything to do with breaking down the rate structure of the business in your territory?

A. Not in connection with the automobile transport business.

Q. Now, you spoke of inspecting drivers' logs which you require a man to display showing his previous 30 days' work before you would hire him even if you were going to put him in for a day's training before you hire him.

A. That is correct.

Q. Now, is that a driver's log which that man has kept and marked in accordance with the Interstate Commerce Commission?

A. Yes, it is.

Q. Is there any reason why, that you know of, a company driver would be less likely to falsify a log than a man that you are going to hire of the experienced type that you mentioned?

A. No, we find cases of falsification on both sides.

Q. Has there been any pronounced indication that the owner operators are more likely to falsify?

A. Not in my experience.

Mr. Diehl: That is all I have, sir, thank you.

[fol. 2261] Exam. Lawton: Does any one else have any questions?

Mr. O'Brien: Frankly, I, like Mr. Wheeler, fail to remember half the things that Mr. Bockstahler was asked on both direct and redirect. I would like to have this man qualify his memory as to what Mr. Bockstahler stated.

A. Mr. Boekstahler, if you recall, the two highlights——

Mr. Diehl: Just a moment, Mr. Witness. I am not here entirely to protect you because you have competent counsel, but on that particular phase I take the liberty of doing it. You are not required to recite anything that Mr. Bockstahler said. These gentlemen were here, they heard Mr. Bockstahler and had ample time and opportunity to cross-examine him and if they did so that was what they wanted to do and if they didn't do so they didn't. You don't have to recite anything that he said.

Mr. Woll: I am going to object very strenuously to a misstatement like that. He certainly does. After all he pretends to know what the gentleman said.

Mr. Dixon: Might I ask that the counsel finish their cross-examination of Mr. Olson as my witness, so I will know when I am protecting him and when Mr. Diehl is protecting him? If they will conclude the cross-examination on my direct, then they can do as they please as far as I am concerned. I don't know who I am protecting.

Mr. Diehl: I think that is an excellent suggestion. I [fol. 2262] apologize for putting him in that spot.

Exam. Lawton: I think so. Are you prepared to cross-examine him on his testimony introduced by Mr. Dixon?

Mr. O'Brien: I will waive that.

Mr. Jessup: I have one question.

Q. Mr. Olson, I understand from your direct testimony that you use owner operators for the transportation of trailers and what is that—single units that are moving in one direction of that type?

A. I don't understand your question as to single units.

Q. That you use owner operators with their tractors only for the transportation of new trailers?

A. That is correct.

Q. And they are paid on a percentage of revenue basis?

A. That is correct.

Q. In that manner, Mr. Olson, you are not responsible in any way for the cost of the return of that owner operator, are you?

A. Oh, yes, we are because the rates for that one-way movement are designed to cover the compensation for the round trip.

Q. The percentage of revenue is supposed to take care of his return?

A. That is correct. You will recall that I stated we have mostly balanced movements. They move from east to west.

Q. Well, of course, in the transportation of a trailer where you use the tractor only to pull it, you wouldn't [fol. 2263] have a balanced movement, would you?

A. Oh, yes, we do in many instances. We take a trailer out of Springfield, Missouri, go to Pittsburgh, he goes over to Butler and picks up a tandem trailer, comes back to Chicago, gets another trailer out of the plant, goes back to Cincinnati and gets another one from there, Trailmobile; sometimes those fellows stay on the road with their rest, make four or five consecutive trips before they get back to the control terminal.

Q. In the example you just cited when it leaves Pittsburgh and goes to Butler is he still under your employment?

A. Still under our employment and control. Possibly you overlooked the fact that we have a great many terminals and sub-branches nationally where there are control points for these men. They report into that nearest terminal

for their further operating instructions which clearly leaves them under our control and gives them every coverage that we have for them.

Q. I think the term is bobtailing, for instance, from Pittsburgh then to Butler to get another trailer?

A. I believe that is the term we use.

Q. He would be under your control and an employee of yours during that period?

A. That is correct.

Mr. Jessup: Thank you.

Mr. Wheeler: I want to renew my motion to strike. I also wish to state at this time that if that motion is over-[fol. 2264] ruled I will not attempt to cross-examine this witness on that basis because I cannot.

Mr. Diehl: I accept your offer, Mr. Wheeler.

Mr. Dixon: Mr. Examiner, has the cross-examination of this witness as my witness been concluded?

Mr. Wheeler: As soon as we get this motion to strike ruled on, then I am going to cross-examine the witness on the basis of your direct.

Mr. Dixon: I thought you had cross-examined him on that basis.

Mr. Wheeler: I have. I have one further question on cross-examination.

Exam. Lawton: Suppose you ask that.

By Mr. Wheeler:

Q. Can you check falsification of your own drivers with any greater degree of certainty than you can check falsification of reports by owner operators?

A. Personally in the last few months I have devoted a great deal of attention to that particularly because of our efforts to get our complete log situations in line and also to avoid punishment by the Interstate Commerce Commission.

Mr. Lorton: I move to strike the answer. It obviously isn't responsive to the question. He doesn't say yes and he doesn't say no. He says in that answer that he has devoted a lot of time to that problem. I move it be stricken and the witness be instructed to answer the question.

[fol. 2265] A. My answer is definitely yes, I have checked both characters of operations in the last few months. I have seen no more falsification on the owner operator side than I have on the company operator side.

By Mr. Wheeler:

Q. I asked you, can you check falsification of records of your own employees with a greater degree of certainty or accuracy than you can check falsification of records by owner operators whom you engage on a trip lease.

A. Oh, no, that would be a little more difficult, if that is the answer you want, because naturally you have to depend on that log that that man brings with him, whereas the others on both owner operator and company drivers run concurrently and we know where their operations have been.

Mr. Wheeler: That is all.

Exam. Lawton: In response to Mr. Wheeler's remark, as I understood your adoption of Mr. Bockstahler's testimony, it related only to what he testified to with respect to leasing on hauls I believe 250 miles between Eastern and Central territory——

A. The two major things that I referred to and agreed with substantially, with the one exception I made was his theory on reciprocity as it affected the issues in this case, and the second thing the question of the utilization of operators between the Midwest areas and the Eastern Areas and a certain limitation of mileage which I took ex-[fol. 2266] ception to. Those, as I recall them were the two major things that Mr. Bockstahler testified to, on which he was cross-examined.

Exam. Lawton: Is that in substance what you have adopted with the one exception?

A. Substantially I was in agreement with him except with that limitation of distance.

Exam. Lawton: Motion overruled.

Mr. Wheeler: Mr. Examiner, I would like to ask, is my motion overruled on the basis of the direct testimony of Mr. Olson as Mr. Diehl's witness or is it to include——

Exam. Lawton: Why try to pin the witness down on this

adoption of the testimony, that is in regards to the leasing practices? I think I got an answer from him on that point, just what part of that testimony he adopted. That needed to be clear in the record. That is my understanding. I am accepting it on that basis. Do you desire to cross-examine? I overruled the motion to strike.

Mr. Wheeler: I am not going to cross-examine him.

Exam. Lawton: Anyone else have any cross-examination? Mr. O'Brien, I believe you wanted to interrogate him.

Mr. O'Brien: I wanted to get one thing clear in my mind. Maybe I have got the wrong witness in mind. You can correct me if I am wrong. Did Mr. Bockstahler leave the impression that when they had trip leasing that their responsibility ceased when the driver reached destination [fol. 2267] and he wasn't particularly sure what happened to them on their return trip.

Mr. Diehl: That wasn't Mr. Bockstahler.

Mr. O'Brien: I am asking the witness.

A. I recall that was discussed only up to a certain point, as I recall his testimony it stopped, there was no direct answer given.

Q. He didn't state one way or the other just what his position was with regards to whether or not he felt the driver was on his own after that or not?

A. My recollection of the testimony is that it only reached that point and there was no answer given in respect to that.

Q. You firmly believe that with these leasing arrangements your movement is so well balanced that in the vast majority of cases these owner operators will always have a return movement, that you will insure that?

A. No, I don't believe that, I didn't make that statement.

Q. Do you have any guarantee that they will have a return movement?

A. No, I don't think you would have any guarantee. If an operator made a lease from Chicago to Cleveland the man's tenure of duty would end in Cleveland under the terms of the lease.

Q. Would the insurance which covers you also terminate as far as that driver is concerned?

A. That would be my opinion, if that is the way the lease

[fol. 2268] was made, from a specific point to a specific point.

Q. And from then on you wouldn't know whether he was covered by insurance or not?

A. If that form of lease was written I wouldn't know, no.

Mr. O'Brien: I think that is all.

Exam. Lawton: I get the impression that you maintain the responsibility for the subcontractors, as you call them ——

A. To the best of my knowledge.

Exam. Lawton: Until he has entered the service of some other carrier?

A. Until he returns to our control point or is released by us at another branch. We sometimes have men who we will send on a trip east who will reach that point and we have got a lease with them to return to another given point or to come back to a control point and they ask us for a release.

Exam. Lawton: You don't know what happens to them after they are released?

A. Not if a man formally asks for a release from us, we grant it. We probably wouldn't employ him again. When we set these fellows up to go we want them to carry out the terms.

Exam. Lawton: What would be your position with respect to rules or regulations that require you in the event you used a subcontractor owner operator to be entirely responsible for him until he entered into a contract with another carrier or another trip lease?

[fol. 2269] A. Well, I don't know. Based upon long years' experience that might be pretty difficult. It is not only difficult to answer that question but it is difficult for me to see how you could write any rule that would ever protect that individual with that little piece of property that he has got, which is that tractor, if he decides when he gets to another place he doesn't want to work for you any more. There is no law in the country that can compel him to work for you. If he finds a far more attractive situation else-

where, if he desires release, I don't know what you can do to keep him working. He is a union man. He owns that tractor and even though you have got a specific contract with him, we have had them broken.

Exam. Lawton: There is that hiatus in there; he may leave your employ and go into the employ of another certificated carrier?

A. That is correct. We have had cases of that kind in my long experience covering thousands of vehicle trips; I have never heard of an instance of a dispute that we ever had in the major companies I have been with as to an operator that we had utilized starting out somewhere and getting involved in an accident in which there was a question about whether our public liability and property damage insurance covered him. I have never heard of a single instance in all my experience. There may have been some. I heard a witness testify yesterday there was. In my own experience with the companies I referred to, I never was [fol. 2270] involved in any such dispute. It may be Divine Providence, I don't know.

Exam. Lawton: Anyone else?

Mr. Lorton: Mr. Examiner, I don't know whose witness the gentleman occupying the stand was when he made this statement, whether it was Mr. Dixon's or Mr. Diehl's, but one question I want him to answer because it wasn't brought out at the time, I asked the few questions I did. Mr. Olson, you testified a few moments ago that it had come to your knowledge and you had taken the occasion because for what reason you decided to do it to make an elaborate investigation of the question of the falsification of drivers' logs and the accuracy thereof. Why was it necessary for you to make such a study and analysis?

A. Because a company that operates in close affiliation with us was recently brought before the Commission on the question of fitness as to extensions of their operations, and the Commission put in a great many cases of violation of logs. They stressed several things. The Commission had been to the officers of this company and had been after them with what they call the administrative approach, I

guess, when they tell you you had better be good, and they made several efforts to accomplish that and hadn't. In a case, I had a transcript, it indicated there was some question in the Commission's mind as to the cognizance on the part of top management, as to whether the top management really gave any attention to the question of hours of serv-
[fol. 2271] ice and so on. It happened a few months ago. At that time in company with another officer from my organization and in company with people from the Interstate Commerce Commission we made very many informal checks and I made a lot of personal checks because I happened to have been on the management committee and I wasn't going to be caught in the position where the Commission can say the top management in my outfit did not have cognizance of the q' 'stion of violations. We did make a personal check. I am . stifying under oath and my statement was true.

By Mr. Lorton:

Q. That was the reason for the elaborate check that you made?

A. That is right.

Q. Because of the activity of the Interstate Commerce Commission against another carrier similarly situated to yours?

A. Yes. I wanted to make certain we were doing as well as we could to comply with the laws in all instances.

Mr. Lorton: I am sure the Commission will be glad to be informed. Thank you, Mr. Olson.

Exam. Lawton: Any further questions?

Mr. Todd: I have one or two, Mr. Examiner.

By Mr. Todd:

Q. Mr. Olson, when you employ, that is, Dealers Transport employs a trip lease operator to handle one of these trailers on a one-way movement, do you make a check of their logs for the last 30 days to determine whether they
[fol. 2272] are in compliance with the Commission's regulations or not?

A. Yes, we do, and in many instances they don't have their logs up to date or if they have been on local work

they have a summary sheet which is o.k. under the law. Without that we won't utilize a man without giving him rest.

Q. Where you just have the trip lease?

A. That is correct, but we have to give him his rest before we could utilize him.

Q. I believe you stated that you had been with Interstate for a good many years, isn't that correct?

A. No, I was with Interstate during '41, part of '42.

Q. What percentage of Interstate's traffic would you say during the time you were with them was handled under trip lease arrangement?

A. A large majority of their traffic, that is, not trip lease, no, on long-term lease.

Q. Let's keep the distinction in mind, Mr. Olson, between a long-term lease and a trip lease. What percentage of their business was done under a trip-lease arrangement?

A. As I recall the only time I checked that was in '40, I think they had about 20 per cent single-trip operators at that time.

Q. Now, with Interstate when they had a load going out by a trip-lease operator and nothing in the return direction for that operator, did the lease that they have terminate at [fols. 2273-2274] the point of destination?

A. As I recall they did, yes, in most instances.

Q. And its responsibility with respect to that itinerant trucker ended at the point of destination, is that correct?

A. It would, whatever the terms of that lease provided, yes.

Q. With Interstate was it their practice prior to the time they used a trip lease operator to check his logs for the past 30 days prior to the time they would employ him?

A. That question I can't answer as far as Interstate is concerned.

Q. I believe you also testified that you were connected with Keeshin for some years, is that correct?

A. That is correct.

Q. And what percentage of Keeshin's business was handled during that time under trip lease?

A. Only a very fractional per cent. I would say it was a fraction of one per cent. We had little, if any, single-trip leases.

Q. Keeshin operated a considerable part of its fleet at that time, did it not, under long-term leases with owner operators?

A. Yes, we had an eastbound unit called the Blue Diamond unit that operated, they were all long-term leases.

[fol. 2275] The Witness: That was only a small part of the total number of equipment that was operated.

Q. To a large extent it was company owned equipment at that time, wasn't it?

A. That is correct, during the time I was with them.

Q. Wasn't the Keeshin operation at that time a well balanced movement of traffic, or was it?

A. Yes, it was balanced, as you will recall Mr. Bockstahler's testimony, as long as I have got to refer to it, 95 per cent balance was the exact statement he used and that is correct from my own knowledge.

Q. Now, with Keeshin, when it did use the trip-lease operators did the lease come to an end at the point of destination?

A. Not as a general rule, because of this unusual balance we were able to utilize the operators in the other directions except in a few instances.

Q. So that where you did have a trip lease you used the operator most of the time in both directions?

A. Yes.

Mr. Todd: That is all I have.

Mr. Turney: In instances where you didn't have the balance you would have to lease, however, is that correct?

A. I don't recall. As I recall those leases did terminate at the destination point.

Exam. Lawton: Any further on redirect?

[fol. 2276] Mr. Dixon: No redirect.

Exam. Lawton: You are excused.

(Witness excused.)